

HOUSE FINANCE COMMITTEE  
January 30, 2017  
1:32 p.m.

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CALL TO ORDER

Co-Chair Seaton called the House Finance Committee meeting to order at 1:32 p.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair  
Representative Paul Seaton, Co-Chair  
Representative Les Gara, Vice-Chair  
Representative Jason Grenn  
Representative David Guttenberg  
Representative Scott Kawasaki  
Representative Dan Ortiz  
Representative Lance Pruitt  
Representative Steve Thompson  
Representative Cathy Tilton  
Representative Tammie Wilson

MEMBERS ABSENT

None

ALSO PRESENT

Jahna Lindemuth, Attorney General, Department of Law; Sam Cotten, Commissioner, Department of Fish and Game; Carol Petraborg, Administrative Services Director, Department of Fish and Game; Dean Williams, Commissioner, Department of Corrections; April Wilkerson, Director, Division of Administrative Services, Department of Corrections; Representative Mike Chenault.

PRESENT VIA TELECONFERENCE

SUMMARY

FY 18 Budget Overview: Department of Law

FY 18 Budget Overview: Department of Fish and Game

FY 18 Budget Overview: Department of Corrections

Co-Chair Seaton reviewed the agenda for the day. He asked members to hold their questions until the end of each presentation.

^FY 18 Budget Overview: Department of Law

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JAHNA LINDEMUTH, ATTORNEY GENERAL, DEPARTMENT OF LAW, introduced herself and provided some information about her background and reviewed the list of testifiers available from the Department of Law. She introduced the PowerPoint presentation: "Department of Law: Department Overview: House Finance Committee."

Attorney General Lindemuth turned to slide 2: "Mission":

The Alaska Department of Law prosecutes crime and provides legal services to state government for the protection and benefit of Alaska's citizens.

Attorney General Lindemuth conveyed that the department had 2 operating divisions: The Criminal Division and the Civil Division. It also had an Administrative Support Division.

Attorney General Lindemuth reviewed slide 3: "Civil Division." The Civil Division fell into 2 buckets: Litigation (defending and pursuing claims for the state) and transactional and agency advise. The scope of the department's representation and work was broad. The only slices of state government shown on the pie that the department did not represent was the university system and the Alaska Railroad Corporation. Department of Law was 2 percent of state government. The Civil Division made up about 1 percent. She suggested that to outsource what the Civil Division did would conservatively cost about twice as much as what it did presently. The Civil Division was funded half by general funds (GF) and half by inter-agency (IA) transfers. She noted that the Civil Division's capacity had been cut to the bone. It had lost 32 percent of its GF funding budget since FY 14. It was also down 37 percent since FY 13.

Attorney General Lindemuth advanced to slide 4: "Criminal Division." She reported that unlike most other states with counties and elected district attorneys (DA), criminal prosecutions in Alaska were the primary responsibility of the state. The Criminal Division operated with 7 budget components that together represented 4 judicial districts with 12 district attorney offices and Alaska's Office of Special Prosecution and Appeals (ASPA), and a central office - all GF funded. The 12 DA's offices and ASPA prosecuted in 41 court locations across the state. She reported that caseloads were currently higher than in prior years. Crime was on the rise and the capacity of Alaska's prosecutors was as thin as could be sustained.

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Attorney General Lindemuth discussed slide 5: "Department of Law's Share of Total Agency Operations: GF Only." The department's GF had decreased by about 23 percent or \$14 million since FY 14 and 28 percent or over \$20 million since FY 12. Given what was funded by GF, these cuts had reduced the department's capacity in 3 main areas: Criminal prosecution, child protection, and state sovereignty cases (collecting taxes and defending against federal overreach).

Attorney General Lindemuth had mentioned that the Criminal Division was primarily GF funded. A reduced budget meant fewer prosecutors and less cases being prosecuted. The department's declination rate increased 6 percent in the prior year. Since 2013, the number of misdemeanors the department could prosecute had decreased by 33 percent or about 3,500 cases. Felonies had only decreased 3 percent because the department had focused its resources there.

Attorney General Lindemuth continued that in the area of child protection, while the budget had gone down significantly, the demand for related services had increased 55 percent over the previous 2 years. With higher child protection caseloads for the department's attorneys, each case took longer in length. It meant that kids were spending more time in foster care costing the state more money. She noted that the cost for foster care was \$35 per day per child.

Attorney General Lindemuth continued that another large component of what the department did with its GF money was

ensuring collection of money owed to the state such as oil production taxes. The state's natural resources assistant attorney generals brought in millions of dollars each year. In FY 16 they brought in \$72 million in taxes and royalties owed to the state. The division also protected against improper demands for refunds. The state recently won a case before the Alaska Supreme Court defending the state's definition of the Economic Limit Factor (ELF) which had been part of the oil tax scheme previously. Winning the case saved the state over \$500 million.

Attorney General Lindemuth reported that with the loss of attorneys in the department's Civil Division, the department had lost many of its seasoned tax assistant attorney generals. Replacing those individuals had been very difficult.

Attorney General Lindemuth scrolled to slide 6: "Department of Law's Share of Total Agency Operations: GF Only." She highlighted that the slide was the same as the previous slide but with a bar added at \$50 million. The slide showed FY 08 funding in FY 18 dollars after a \$10 million adjustment for inflation. In other words, the FY 08 budget in today's dollars would be worth \$50 million, approximately the same as the FY 18 budget but reflecting inflation. The chart did not reflect that, in the previous 10 years, the population of the state had grown 9 percent.

Attorney General Lindemuth continued to slide 7: "Department of Law Line Items: All Funds." The slide reflected the use of GF Funding and IA funding (all funds). The Department of Law provided legal services to the state in 2 ways. First, the department provided services through in-house attorneys and staff, which was reflected in the light blue areas on the bar graph under personal services. The department also used outside counsel, denoted in the purple areas under services. She reiterated that personal services reflected in-house counsel costs, and services showed outside counsel costs. She elaborated that for the personal services the department was down 6.9 percent or \$4.8 million since FY 14. The dollars shown on the chart directly translated to positions. The department was down 76 positions or 13 percent since FY 14. It was an increase of \$16.3 since FY 08, but \$16 million of that amount paid for contractual and statutory salary increases. She concluded that it reflected that the department was back down to the FY 08 budget.

Attorney General Lindemuth conveyed that for positions, the department was down 43 positions or 8 percent since FY 08. She concluded that although the department was back to funding levels equivalent to the FY 08 funding levels, the department had significantly fewer positions.

Attorney General Lindemuth addressed the services represented in purple. She reported that the attorney general was statutorily required to manage outside counsel. The department had achieved significant savings in this particular area. The department was down \$15.5 million or 48 percent since FY 12, the high point for outside counsel in recent years. In FY 18 outside counsel spend was estimated to be just over 20 percent of the department's budget. The number reflected a 1.3 percent reduction in FY 08 and a reduction of 12.6 percent from FY 12. It indicated the value the department contributed by bringing the work in-house. She reported that outside counsel hourly rates ranged from \$250 to \$500 per hour in Anchorage or Alaska. The department paid a higher rate for specialty counsel, especially when the counsel was from outside of Alaska. The Department of Law charged just under \$161 per hour for its attorneys and just over \$100 per hour for its paralegals. The amount was significantly less for the department to provide the same services.

Attorney General Lindemuth spoke of the travel line listed on the slide. The constitution required the accused the right to face their accusers. Much of the department's travel expense was dedicated to victim and witness travel. With responsibility for statewide prosecution the state had to be very careful about cutting travel any further. The department did not pay for employees to attend conferences. They only attended required workgroups, committee meetings, and hearings. Travel was down almost 21 percent or \$311,000 from FY 14. It was down 6 percent or \$77,000 from the high in FY 08. It currently equaled 1.4 percent of the department's budget and the department was using technology to bridge the gaps, trying to handle hearings and things without the need for travel.

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Representative Guttenberg asked about travel in relation to conferences and continuing education credits. Attorney General Lindemuth responded that the National Association

of Attorney Generals and other similar organizations often had scholarships for attorneys to attend trainings, which the department tried to take advantage of.

Attorney General Lindemuth turned to slide 8: "Appropriations within the Department of Law: GF Only." She indicated that the slide focused on GF and broke apart Civil, Criminal, and Administrative Services. Overall, the department had cut 76 positions since FY 14. She pointed to the lower right-hand box labeled "Criminal Division." Much of the increase following the low in FY 08 reflected the loss of federal funding that had to be replaced with GF dollars. The amount shot up following the FY 08 and FY 09 period. She reported that the Criminal Division GF had been decreased by 11 percent or \$3.3 million since FY 14. The division lost 31 positions or 13 percent in that period. In FY 16, 12 positions were cut, 9 of which were layoffs. The department had been forced to prioritize crimes. In the prior year, before the introduction of SB 91 [Legislation passed in 2016 - Short Title: Omnibus Crime and Law Procedure; Corrections], the number of declined cases rose 6 percent due to budget cuts. She opined that the state had cut too far. She was not asking for additional money but asked for flat funding for the department's Criminal Division.

Attorney General Lindemuth pointed to the upper left-hand box labeled, "Civil Division." She noted that the FY 08-FY 09 increase reflected a \$6 million undesignated general fund (UGF) onetime funding for oil, gas, and mining. She relayed that as shown in the purple at the bottom of the chart, between FY 08- FY 13 there was separate funding for the BP Corrosion case. She reported that BP's deferred pipeline maintenance led to spills that required a shutdown of the North Slope production. The legislature spent \$23 million on lawyers and expert witnesses in a hard-fought legal battle that ended with a payment to the state treasury of approximately \$250 million.

Attorney General Lindemuth continued that the Civil Division GF had decreased 32 percent or \$14 million since FY 14 and 37 percent or \$20 million since FY 13. The division had lost 40 positions since FY 14. Of the 40 positions, 21 were attorney positions.

Attorney General Lindemuth conveyed that another area that had been reduced within the department was consumer

protection. Department of Law's Consumer Protection Unit had gone from 4 attorneys and an investigator to only 2 attorneys. It had led to a 43 percent reduction in efforts towards consumer protection, including the state's participation in large multi-state enforcement activities and review investigation consumer complaints. The department's ability to pursue enforcement actions for Department of Environmental Conservation (DEC) cost recoveries for oil spills and contaminated sites had also gone down because of fewer positions and budget reductions. It resulted in negative impacts to property owners and property values in the areas of spills and contamination.

Attorney General Lindemuth explained that in FY 16 the Department of Law stopped providing services to parents needing to modify child support orders if the modification did not yield the state money. In FY 17, the department would stop the collection of money for victims of crime. I was also working with the court system to set up a similar program so that victims would not be neglected.

Attorney General Lindemuth offered that for FY 18, the department was proposing another program cut: the department would be outsourcing collections and closing that section of the Civil Division. Nine positions would be eliminated and would result in a savings of just under \$800,000. Other cuts the department was proposing for FY 18 were within the Administrative Services Division. The proposed reductions totaled \$231,000. The bulk of the reduction reflected the move of the Administrative Services Division to the Diamond Courthouse from the assembly building; a savings of \$112,000 per year. She indicated that with savings from the cut of the collections unit and moving some more Administrative Services Division positions to the Shared Services Division, the department anticipated another savings of \$96,000 and \$23,000 respectively.

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Attorney General Lindemuth continued to slide 9: "Appropriations within the Department of Law: All Funds." She relayed that the slide showed both GF and IA funding. She had already covered the point that the FY 18 proposed budget was close to FY 08 levels after adjusting for inflation. The Civil Division all funds fund was down 9.5 million or 16.3 percent since FY 14. The Criminal Division all funds fund was down \$3.5 million or 9.8 percent since

FY 14. The department's Administrative Services Division was down \$433,000 or 9.1 percent since FY 14.

Attorney General Lindemuth reviewed slide 10: "Department of Law: Total Funding Comparison by Fund Group." She stated that the slide showed the source of funding. In the big picture, the department's Criminal Division was GF funded. The Civil Division was 50 percent GF funded and 50 percent IA funded. She pointed to the light blue bars representing UGF. The department was looking at a proposed budget for FY 18 of \$48.9 million, of which Criminal represented \$27.1 million and the primary funding source for criminal prosecutions. The Civil Division represented \$19.2 million which covered the caseloads of representing the state.

Attorney General Lindemuth next pointed to the dark purple was the small amount of designated general funds (DGF) that the department had in the amount of about \$2.8 million. The bulk of the \$2.3 million was from a regulatory cost charge, a fee collected by the Regulatory Commission of Alaska (RCA) through utility bills. There was an amount of \$256,000 for consumer work in their Commercial and Fair Business Section and \$225,000 was for the Alaska Oil and Gas Conservation Commission (AOGCC) work in natural resources.

Attorney General Lindemuth highlighted that the red component showed the other main source of the department's fund, the IA. It was the fund source the department used to bill other state agencies for legal services provided to the rest of the state. She elaborated that when the department was putting its budget together she had gone around to ask other departments what they saw for the demand for legal services going forward. They expected the demand to be the same for the following year as it was for FY 17. They saw no decrease in the demand for legal services. Although other departments were facing reductions, they were not reducing their need for layers. She thought it made sense, based on her experience in private practice. She explained that often when programs were downsized it cost more in lawyer fees to make it happen.

Attorney General Lindemuth continued to explain the chart. The green portion of the bars represented the small amount of federal funds that the state received. The state received direct funding from the federal government for the



state's Medicaid Fraud Unit. The department also received some federal funds via IA for child support enforcement and some child protection.

Attorney General Lindemuth provided an overview of slide 11 and slide 12 showing a matrix for the Civil Division. The matrix broke out each section within the department's Civil Division. It also showed the funding sources for each section. Many of the sections aligned with the other departments within the administration. For example, the department had an environmental section - its main client was DEC. She would not be walking through each section.

Attorney General Lindemuth reviewed slide 13 and 14, the matrix slides for the Criminal Division. The matrix broke out the Criminal Division by judicial district. She indicated that slide 4 showed the 4 different judicial districts within Alaska. All of the division's prosecutors did the same thing. They prosecuted violations of state law no matter where they were located.

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Attorney General Lindemuth moved to slide 14 which showed the matrix for the Administrative Services Division. It reflected the budget from Mr. Cullum's team as well as her office and her team. She was available for questions.

Co-Chair Seaton asked Attorney General Lindemuth to provide a copy of her written statement.

Representative Ortiz asked Attorney General Lindemuth to identify the most significant areas in which her department was falling short of being able to do its job as a result of funding reductions. Attorney General Lindemuth responded that if it was a perfect world and she could come up with the best budget for the Department of Law she would be asking for more money, especially for criminal prosecutions and child protection areas. She would also like to see additional funding for consumer protection and funding to hire an additional person within the environmental section. All of the sections within the department had reduced capacity. She thought the department could provide the core services with the funding it had, given budget constraints.

Representative Ortiz asked, in terms of criminal prosecution and child protective services, if there was a

financial opportunity for cost savings that might be lost. He also wanted her to elaborate on the social costs that might be piling up because of reductions. Attorney General Lindemuth indicated that the social cost was most felt in child protection and criminal prosecutions. The department was leaving money on the table by having fewer resources in the natural resources tax collection section and in the environmental section. The environmental section pursued spill response monies. There were actual recoveries from third parties where if the state spent more money upfront, the department could get more money for the state overall.

Co-Chair Seaton asked if hiring more attorneys in both sections would pay for itself in the end. Attorney General Lindemuth believed that it was true that if the state invested more money and had more resources focused on those areas where the department was pursuing state's rights and collecting dollars for the state, it would pay for itself. Co-Chair Seaton thought the subcommittee would be looking at the issue.

Representative Guttenberg mentioned that, in 2003, the legislature passed a resolution with overwhelming support concerning the nature of the state participating with the federal government enforcing unconstitutional provisions of the Patriot Act. He relayed that since Friday, the issue became germane again. He was aware that the Department of Law supported the Department of Corrections (DOC) and the Department of Public Safety (DPS). Although HJR 22 [Legislation passed in 2003 - Short Title: Patriot Act and Defending Civil Liberties] was not binding, it was overwhelmingly passed by members of the legislature, 2 of whom were still serving (himself and Senator John Coghill). He asked Attorney General Lindemuth how much of her department's resources were used to support efforts to comply with federal statutes that might be unconstitutional or had been subject to a stay. He wanted to know what the consequences might be if the state did not follow federal law. He asked her to get back to him with an answer later.

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Vice-Chair Gara asked how Attorney General Lindemuth would like to be addressed. Attorney General Lindemuth responded "Jahna".

Vice-Chair Gara wondered whether being short on oil and gas tax attorneys would result in lower settlements for the state in a tax dispute, for example, with an oil company tax payer that had a robust team of attorneys. Attorney General Lindemuth responded that she belied the department's tax attorneys were providing good services for the state. In an especially important case the department tried to draw on outside counsel to help supplement cases. She department was not able to prosecute or be involved with as many cases at one time because of the few resources it had. She added that by not having as many people in the oil and gas area, the department was not building a wealth of knowledge going into the future. She reported the department having lost many of its seasoned people and needed to rebuild that section.

Vice-Chair Gara mentioned that the state had been annually reducing the percentage of cases it could prosecute. The Criminal Division had been focusing on the more serious cases, but unable to focus on lower level crime cases. He asked if the department was prosecuting a lower percentage of cases than it would otherwise prosecute. Attorney General Lindemuth responded, "That is absolutely true." She noted that the reduction was mostly in misdemeanor cases. There was a 33 percent reduction in misdemeanor cases and only a 3 percent reduction in felony cases.

Co-Chair Seaton asked her to repeat herself. Attorney General Lindemuth reported a 33 percent reduction in misdemeanor cases but only a 3 percent reduction for felony cases. It reflected that the state was spending its resources on the most serious crimes.

Vice-Chair Gara clarified that within the children's section, the attorney general represented the state in the Office of Children's Services (OCS) cases. The Public Defenders represent the parents and guardian ad litem, and some of the other agencies represent the children. He asked if he was accurate. Attorney General Lindemuth responded in the positive.

Vice-Chair Gara wondered if it would make a difference in speeding cases along if the attorney general had additional staff but the other agencies did not. He wondered if it was a larger systemic problem. Attorney General Lindemuth thought it was a systemic issue where the whole system needed to be addressed. She did not know what entity was

holding up the system most. If the department had more resources, the cases could be pushed along faster. She was uncertain if it would be necessary for the Public Defender's office or other areas in order to move things along.

Co-Chair Seaton asked her to provide an estimate to the finance subcommittee.

Co-Chair Seaton referred to slide 7. He noted that the cost differential seemed very large between in-house and outside counsel. He asked if the state was having to use outside counsel for expertise or because of not having enough in-house counsel. He asked if there was a position tradeoff rather than the need for additional expertise. Attorney General Lindemuth did not believe it was necessarily true. The department had brought a significant amount of work in-house that was previously done through outside counsel. She indicated that the main area where the department previously used more outside counsel was in the Regulatory Affairs and Public Advocacy (RAPA) section doing Federal Energy Regulatory Commission (FERC) work in Washington DC. The state used to use Washington DC counsel They were still involved, but their work had been decreased significantly moving to doing the work in-house. It was a better way of achieving cost savings results, than through other means. She explained that because of the expense of outside counsel, the department was trying to use them where their expertise added value.

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Representative Wilson returned to the subject of Children's Services. She wondered if the department had looked at the court hearings and whether they were effective. She brought up the idea of using mediation or something outside of a court room. She wondered if there was a streamlining process to free up more time and an outcome goal. Attorney General Lindemuth had not delved that deeply into any particular child protection case to look at how it was functioning. She had spoken with the Public Defender and the public advocate on how to work better together and to streamline the process. She was interested in the department being the pillar of civility and professionalism in the community. She thought there was always room for improvement.

Representative Wilson did not believe anyone was doing their job poorly. Rather, she thought it was more of a policy call.

Co-Chair Seaton thanked the Attorney General Lindemuth for the presentation. He would look forward to feedback from the subcommittee. He noticed that the estimate on almost all of the items were critical in nature. He indicated the subcommittee was open to suggestions. He mentioned fees changing and asked Attorney General Lindemuth to bring them forward in subcommittee.

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^FY 18 Budget Overview: Department of Fish and Game

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SAM COTTEN, COMMISSIONER, DEPARTMENT OF FISH AND GAME, relayed the names of individuals that were from his department. He appreciated the opportunity to appear before the committee. He differed to Ms. Petraborg to review the prepared presentation.

CAROL PETRABORG, ADMINISTRATIVE SERVICES DIRECTOR, DEPARTMENT OF FISH AND GAME, introduced the PowerPoint presentation: Alaska Department of Fish and Game: House Finance Committee: FY 2018 Budget Overview."

Ms. Petraborg reviewed slide 2: The Constitution of the State of Alaska":

The Constitution of the State of Alaska  
Article 8 - Natural Resources; § 4. Sustained Yield

Fish, forests, wildlife, grasslands, and all other replenish-able resources belonging to the State shall be utilized, developed, and maintained on the sustained yield principle, subject to preferences among beneficial uses.

The Alaska Statutes

Title 16. FISH AND GAME; Sec. 16.05.020. Functions of commissioner.

(2) manage, protect, maintain, improve, and extend the fish, game and aquatic plant resources of the state in the interest of the economy and general well-being of the state.

#### Mission Statement

To protect, maintain, and improve the fish, game, and aquatic plant resources of the state, and manage their uses and development in the best interest of the economy and the well-being of the people of the state, consistent with the sustained yield principle.

Ms. Petraborg turned to slide 3: "ADF and G Core Services." She relayed that the Department of Fish and Game (DFG) had three core services: Management, stock assessment, and customer service and public involvement. Management was measured by commercial harvests, habitat permits issued, the number of angler days, user harvests and successes, and the participation in federal issues affecting the state. Stock assessment and research was measured by meeting escapement goals, meeting or exceeding threshold harvests or catch levels, performing wildlife surveys and research, and performing subsistence surveys and research. She continued that customer service and public involvement was gaged by having hunting and angler skills-oriented programs, opportunities for Alaskans to learn about wildlife and wildlife management, the sale of hunting and fishing licenses, participation in boards and advisory committee processes and providing information to the public.

Ms. Petraborg moved to slide 4: "Department of Fish and Game's Budget Compared to All Agencies' Budgets." She indicated that the slide was prepared by the Legislative Finance Division. She reported that since FY 08 the department had seen a 2 percent growth in its general fund (GF) budget. She noted that there was a direct correlation to contractual increases for salaries. She also relayed that DFG's percent of the state's total GF budget had been reduced by .1 percent since FY 08 from 1.5 percent to 1.4 percent.

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Ms. Petraborg advanced to slide 5: She reported that the slide showed all funds by budget line item. She reported that 62 percent of the department's budget was dedicated to personal services costs. The next largest budget area was the contractual line. She estimated the funding to be roughly half inter-agency funding which paid for core services such as leases, Department of Administration (DOA) charges, and Department of Transportation and Public Facilities' charges for the state equipment fleet. She continued that roughly \$10 million of the amount was what was paid within DFG. The other half had to do with non-interagency contractual costs such as software licensing, utilities, repairs and maintenance, and aircraft and vessel charters.

Co-Chair Seaton asked for clarification regarding the inter-agency portion. He wondered if she was talking about inter-agency funding between sections within DFG or between DFG and other departments. Ms. Petraborg responded, "Both." The core services costs that went to DOA totaled about \$10 million.

Co-Chair Seaton just wanted to clarify that it was to DOA, another department, and not from the Sports Fishing Division to the Commercial Fishing Division. Ms. Petraborg claimed that about the same about was exchanged within the department. For instance, the Division of Administrative Services processed the hunting and fishing licenses, performed data entry, and performed accounting functions. The department received fund transfers from the Sport Fish Division, the Wildlife division, and the Commercial Fish Division to process licenses.

Co-Chair Seaton thought the subcommittee would clarify the \$10 million dollars. Ms. Petraborg confirmed that it was contractual in one division and typically personal services in the other.

Ms. Petraborg moved to slide 6: "Appropriations within the Department of Fish and Game (GF Only)." The lines represented the four results delivery units within the department. The three large divisions included: The Commercial Fisheries Division, the Sport Fish Division, and the Wildlife Conservation Division. Everything else fell into Statewide Support Services which encompassed the small divisions, the department's administration, and the

Commissioner's Office. The graph reflected only GF. She highlighted that the bottom lines were trending down. The line at the top, representing Commercial Fisheries, appeared to be going up. She explained that it was due to a couple of transfers into that results delivery unit. The Commercial Fisheries Limited Entry Commission component was moved. Previously, it had been a stand-alone component by the legislature in FY 16. There was also a component for facilities rent which was currently allocated to the results delivery unit so that the expenditures and the revenues were reflected where they belonged. The total of the two transfers amounted to close to an \$5.5 million increase. It was actually not an increase, but a shift.

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Ms. Petraborg detailed slide 7: "Appropriations within the Department of Fish and Game (ALL Funds)." She indicated that the slide showed the same uptick as the last slide for the Commercial Fisheries Division. She pointed to the pink line representing the Wildlife Conservation Division which went up slightly due to the facilities rents that were transferred to that results delivery unit.

Co-Chair Seaton asked if it came from statewide support services. Ms. Petraborg responded in the affirmative.

Ms. Petraborg scrolled to slide 8: "Department of Fish and Game Total Funding Comparison by Fund Group (All Funds)." She reported the department's funding coming from approximately one-third federal receipts, one-third general funds, and one-third other funds. She added that the Fish and Game Fund made up approximately 50 percent of "other funds." The other 50 percent was comprised of inter-agency receipts and statutory designated program receipts and any personal services that were charged to capital appropriations.

Ms. Petraborg reviewed slide 9: "Alaska Department of Fish and Game Regional and Area Offices." The slide provided a visual depiction of the locations of the department's regional and area offices throughout the state. It also showed which divisions or sections were located at each location.

Commissioner Cotten added that many of the offices were seasonal, open only certain times of the year. For example,



the Port Moller office was only open during the fishing season.

Ms. Petraborg spoke to slide 10: "Division of Commercial Fisheries." The remaining slides showed the budget breakdowns by division. The first set of slides addressed the Division of Commercial Fisheries. The top line reflected the total for the division. The remainder of the lines showed the budgets for various programs within the division. She noted that the division was regionally structured and budgeted by region rather than by program. Although, the department had a subsidiary system that assisted the department in breaking the numbers down by program. Slide 10 reflected the different fisheries including salmon, herring, groundfish, and shellfish.

MS. Petraborg reviewed slide 11: "Division of Commercial Fisheries continued from previous slide" that showed the stand-alone programs including genetics, the pathology lab, aquaculture planning and permitting, core services support, and data resource management and information services. The chart also showed positions and number of Alaskans served, which was very subjective. The Commercial Fisheries came up with its numbers with actual permits and licenses issued. The chart also showed a rating of effectiveness. She noted that there was a web link to the Office of Management and Budget's performance measures site. For instance, the ex-vessel value of commercial harvests and mariculture production in Alaska could be found via the web link.

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Ms. Petraborg reported that the same information could be found in the remaining slides (slides 12-22) for the Division of Sport Fish (2 pages), the Division of Wildlife Conservation (2 pages), the Division of Subsistence (1 page), and the Division of Administrative Services (2 pages), the Division of Habitat (1 page), the Commercial Fisheries Entry Commission (CFEC) (1 page), the Boards Support Section (1 page), and the Office of the Commissioner (1 page).

Ms. Petraborg reviewed slides 17-18 for the Division of Administrative Services. She reported that the division was broken down by section including the director's office, finance, human resources, information technology, licensing, procurement, small division administration, and

core services. The licensing section was not typical of an Administrative Services Division.

Ms. Petraborg reported that the Division of Habitat did the permitting for Title 16 and special areas. The Commercial Fisheries Entry Commission was a totally exempt agency that was administratively attached to DFG. The Boards Support Section supported the Alaska Board of Fisheries, the Alaska Board of Game, and the advisory committees. She indicated that the Office of the Commissioner was down to 7 fulltime positions presently.

Co-Chair Seaton asked about the Division of Habitat where it showed zero percentage of costs recovered through fees. He wondered if the state was charging for permitting or for project review and monitoring. He asked for more detail. Ms. Petraborg responded that the department did not have set fees in regulation for the Division of Habitat. The department charged fees reflecting what was actually paid for providing a service for large mine projects. For the general public, the department did not charge a fee. The state wanted the public to inform the department of what they were doing. A set fee might limit the amount of information people provided. Commissioner Cotten interjected that there was revenue from private sources when the department worked for them. However, there was not technically a fee.

Co-Chair Seaton asked about fees collected for permits being issued. Commissioner Cotten responded, "Typically, no." For example, some of the work that the mining companies were required to perform in order to satisfy the conditions of their operation would be done by the state. The costs would be reimbursed to the state by the mining companies.

Co-Chair Seaton commented that the subcommittee would want to look at some of the activities to see if there was a way to recover some of the expenditures for personnel, travel, and other expenses. He thought the Fisheries Committee should be looking at the areas where the state was not collecting what could possibly be collected if things were structured correctly.

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Vice-Chair Gara mentioned the previous year's debate about various fisheries taxes. In terms of raising money to pay for a service, he thought the Commercial Fisheries Division cost the state \$50 million in GF and the various commercial fishing taxes raised roughly half that amount. He asked if he was accurate. Commissioner Cotten responded that he could not recall the exact numbers. He mentioned that the other thing to consider was that DFG was one of the agencies that spent money as a result of the commercial fishing industry, as did the Department of Public Safety (DPS), the Alaska Court System, and other agencies. He continued that the taxes that were collected through the fisheries business tax and the resource landing tax were divided. Half of them came to the state treasury and the other half stayed with the municipalities. A debate point was that fishermen were paying but the money was not going into the treasury and being reflected as part of what the industry contributed to the state's expenses. He was unsure of the exact revenue amounts raised by the tax measures. He thought it was an important consideration. Some would suggest that the industry was partially subsidized as a result.

Vice-Chair Gara asked for the amounts the state raised with the various commercial fishing taxes. He wondered if the administration was working on a proposal to change the taxes that would affect the larger processors and trawlers in the current year. Commissioner Cotten responded that presently the administration did not intend to introduce tax legislation on the fishing industry.

Co-Chair Seaton had asked the subcommittee to look at changing the shared amount from 50 percent to 25 percent, effectively an increase of one-fourth. There would not be an increase in the actual tax. However, the amount that the state was indirectly expending through the shared tax could change significantly for fisheries management. Commissioner Cotten commented that the premise was that an overall fiscal plan would be approved. As a result, if there was a broad-based tax, it would reflect a contribution from the people working in the industry. A motor fuel tax would increase expenses and would be paid partially from people in the industry. It would depend on the big picture.

Representative Kawasaki had some questions about the numbers section. He asked about access and defense in the Division of Wildlife Conservation he had just spoken with

the Department of Law. He asked what the access and defense section. He wondered if they were attorneys. Commissioner Cotten responded that they were not attorneys. They were professionals in the field. For example, he mentioned experts on the topic of the Alaska National Interest Lands Conservation Act (ANILCA). Other people had significant experience dealing with the United States Government over the years regarding the tension that sometimes occurred between the two jurisdictions. The Department of Fish and Game worked closely with the Department of Law by helping with the work that was necessary for the Department of Law to make decisions about whether to pursue legal action.

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Representative Kawasaki referred to the shellfish group and the Aquaculture Planning and Permitting Section. He wondered if either section dealt with paralytic shellfish poison (PSP) or whether Department of Environmental Conservation (DEC) was responsible. Commissioner Cotten indicated that DEC dealt with PSP monitoring.

Representative Kawasaki referred to slide 9 and all of the office locations. He wanted a list of locations and their respective rents. He mentioned that other agencies had been before the committee and reported their dealings with water. Department of Natural Resources (DNR) dealt with water quantity, DEC handled water quality, and DFG was responsible for water habitat. He wondered when these areas concerning water were separated into the various agencies. He asked if the administration had discussed co-locating some of the functions relating to water. Commissioner Cotten responded that regarding the breakdown of costs and hours of operation of the regional and area offices. He wondered if he wanted the number of personnel at each place.

Representative Kawasaki responded that he wanted general information about when the offices were open. Commissioner Cotten replied to Representative Kawasaki's second question. He was unaware of any discussions in the administration about co-locating certain water functions. He noted that there was a combination of efforts between the different areas of state government that dealt with water quality and water levels. The Department of Fish and Game and DNR worked together frequently in the permitting process.

Representative Ortiz asked if it was accurate to say the overall funding level of DFG was down by approximately 35 percent since 2013. Commissioner Cotten replied that, in terms of undesignated general funds, Representative Ortiz was correct.

Representative Ortiz asked if the department's functions were inhibited by the budget cuts. Commissioner Cotten answered that many of the projects the department had to eliminate dealt with stock assessments, aerial and dive surveys, and other projects. Each of those projects contributed to the department's ability to manage. As the department reduced the amount of information it had from weirs or the stock assessment programs, the department was left with the decision to be more conservative with its management. He suspected that there had been many areas where there had been opportunities that were no longer available. Typically, smaller projects, such as the herring fisheries in Southeast Alaska, were affected by the department's lack of information. There were also significant areas in Prince William Sound where the department's ability to do its work had been diminished.

Representative Ortiz summarized his understanding of Commissioner Cotten's statements. He asked if he was accurate. Commissioner Cotten replied in the affirmative. He relayed that the requirement to do revenue test fishing also impacted fish that would have otherwise been available for harvest.

Co-Chair Seaton asked the department to provide information about management fees associated with fish harvesting to the subcommittee. He noted Representative Grenn had joined the meeting.

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Representative Guttenberg pointed out that, in terms of the cost of doing business in Alaska, the area that DFG covered was phenomenal. He noted there were 4 members from the interior around the table. Much of the value of fish was on the coast. However, fish was also very important in the interior for food stock and habitat. All too often, he did not hear the issue addressed or recognized. He had a DNR subcommittee meeting earlier in the day dealing with the Office of Project Management and Permitting (OPMP)

discussing permitting and processing of wetlands mitigation. Part of the discussion included trading land for conservation easements to satisfy a project in another location. He noted that within the Division of Habitat under the allocation of project review and monitoring all of the funding was from other sources. His question had to do with the commissioner's priority list for habitat, protection, and restoration. He wondered if the commissioner was able to convert the project review and monitoring program into providing wildlife easements to protect habitat and restoration. Commissioner Cotten wanted to clarify that the representative was asking about the Habitat Division's involvement with the Corps of Engineers on the designation of wetlands.

Representative Guttenberg answered that OPMP coordinated agencies to try to mitigate federal wetlands legislation that allowed a project to use a piece of land in another location for a conservation easement. It would allow for the original project to advance without being concerned with the wetlands it was on. He asked if the department was able to get the best possible outcome for taking lands for conservation easements that protected basic things such as fish habitat and fish restoration. Commissioner Cotten was struggling to answer his question. His familiarity with the program Representative Guttenberg referred to had to do with the Corps of Engineers. They typically designated land as conservation, development, or preservation wetlands. If Department of Fish and Game's Division of Habitat had an opportunity, at all, its primary purpose was to protect fisheries or game habitat. He responded that if the department was given the opportunity, it would.

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Co-Chair Seaton suggested that Representative Guttenberg have a separate meeting with the Division of Habitat.

Representative Tilton referred to an economic fisheries study from 2009 between sport and commercial fishing. The conclusion was that the average economic contribution and impact per harvest salmon was considerably higher for Cook Inlet Sport Fisheries than for Cook Inlet Commercial Fisheries. She reported that the Division of Commercial Fisheries received about 42 percent more in total dollars and about 18 times more UGF than the Sport Fishing Division. She continued that on pages 10 and 12 of the

department's report it showed that sport fishing affected all Alaskans. She wondered about the disparity.

Commissioner Cotten thought it was an interesting process in determining who was served. One way to measure who was served by the Division of Sport Fish was to list the number of licenses sold. However, there were many people that were under age and did not need a license and several people that were over age that only had to apply for a license once. It was not an exact measurement. It was suggested that everyone in the state was eligible and the fish were available to everyone in the state - the reason why "all" was chosen. It was not an easy decision. He elaborated that with commercial fisheries licensing it was easier and more exact to measure based on the number of crew licenses and Commercial Fisheries Entry Commission (CFEC) permits issued. He admitted the term "all" was a stretch because there were some people that did not have any interest in sport fishing. He also pointed out that there were two major differences in funding sources. He explained that when a person bought a sport fishing license the funds went into the fish and game fund and generated 3 times that amount from the Dingle Johnson federal funds. There was no such program for commercial fishermen. They paid their fish taxes which went into the general fund. They were not dedicated funds. The sport fish and wildlife funds were from a dedicated fund. At first observation, it might appear that a greater amount of general funds went into commercial fishing, but they did not have the same dedicated fund source that wildlife and sport fish enjoy. He also noted the other thing Representative Tilton mentioned had to do with economic contributions by sport fishing and commercial fishing. There had been several different studies produced by industry for the commercial fishery. Many of the studies done for sport fishing had been funded by the legislature. The information was primarily used by the Board of Fisheries when allocation decisions were being made.

Representative Thompson asked about a report on acidification in the Bering Sea and the effects it was having on the state's salmon returns. Several years back the legislature had funded such a study. Also, he wanted additional information about predators on the Yukon River and how many smolt were being consumed by Pike and other fish. He was hoping the commissioner could provide the report to the subcommittee. Commissioner Cotten would

provide some information on ocean acidification. The Bering Sea was a hot point on the planet. As far as the topic of predation on smolt, he would see what information he could find for Representative Thompson.

Co-Chair Seaton mentioned having identified several things concerning indirect expenditures. The Commercial Fisheries Entry Commission had been brought up regarding fees. Also, the permanent identification cards for anyone over 60 had been mentioned. He thought it would be a good topic during the subcommittee process. Additionally, he mentioned other topics that could be brought to the subcommittee such as the foregone harvest and the change in the tax structure. He thanked the department for its presentation.

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AT EASE

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RECONVENED

^FY 18 Budget Overview: Department of Corrections

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DEAN WILLIAMS, COMMISSIONER, DEPARTMENT OF CORRECTIONS, introduced himself and the PowerPoint presentation: "FY 2018 Alaska Department of Corrections Overview." He turned the presentation over to Ms. Wilkerson.

APRIL WILKERSON, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF CORRECTIONS, began with the department's mission statement on slide 2:

The Alaska Department of Corrections enhances the safety of our communities. We provide secure confinement, reformative programs, and a process of supervised community reintegration.

Ms. Wilkerson informed the committee that there were also links listed on the slide providing information regarding constitutional authority, the department's budget, and the department's division measures.

Ms. Wilkerson discussed slide 3: "Department of Correction's Share of Total Agency Operations: GF Only)." She explained that the slide showed a 10-year look-back



comparing the general funds of the agency's budget between 2008 and 2018. The chart showed an overall growth rate annually of 2.7 percent. The department's budget peaked in 2013 which was the first year of the Goose Creek funding as it came online. Full funding came online in 2014.

Ms. Wilkerson advanced to slide 4: "Department of Corrections Line Items: All Funds." She relayed that the slide was a representation by line item. She pointed to the continued growth between 2008 and 2018 which was mostly within the department's personal services line item.

Ms. Wilkerson turned to slide 5: "Appropriations within the Department of Corrections: GF Only." She reported that the slide showed the general fund overall between 2008 and 2018 by the department's results delivery unit (RDU). She highlighted that the population management RDU was the largest for the department. It encompassed all of the department's institutions, probation offices, and in 2018 the pre-trial units.

Representative Kawasaki asked about the reference to the closure of the Palmer Correctional Center and SB 91 [Legislation passed in 2016 - Short Title: OMNIBUS CRIM LAW & PROCEDURE; CORRECTIONS] on slide 5. He asked her what the tie-in between SB 91 and the closure of the Palmer Correctional Center. Commissioner Williams replied that there was an expectation under SB 91 that there would be a contraction of hard beds in facilities statewide, which was reflected in the department's budget. He indicated that it was an opportunity for the department to get ahead of the curve. The closure was tied to 2 things: The expectations of SB 91 and the fact that the department had capacity. Capacity had existed for a significant amount of time at the Palmer Correctional Center. Other commissioners had also been looking at closing the facility. The department really had to have capacity to absorb inmates into other parts of the facility without over-crowding facilities elsewhere. It also allowed the department to realign and reposition some of the staff to go to some of the areas where he felt the department was vulnerable such as the Anchorage Correctional Complex. The Anchorage Correctional Complex had more forced overtime situations of staff. The closure provided a way of reinforcing those areas that needed additional support with the realignment of staff.

Ms. Wilkerson advanced to slide 6: " Appropriations within the Department of Corrections: All Funds." She explained that the slide was a representation of all fund sources within the department by results delivery units. She pointed out that population management, with all of the institutions and the base services, remained the highest RDU.

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Ms. Wilkerson revealed slide 7: "Department of Corrections Total Funding Comparison by Fund Group: All Funds." The slide represented a comparison of the department's 2008 budget to the 2018 governor's request by fund source. The state's federal receipts comprised the least of the fund sources; the designated general funds (DGF) source followed; the other state fund source came next; and the unrestricted general fund (UGF) source provided the majority of the department's funding.

Co-Chair Seaton asked whether he was reading correctly that the state was anticipating more federal receipts than in the past. Ms. Wilkerson responded that the state anticipated a slight increase to the department's federal authority. It was not grant driven, it was by man days. The state had an annual cost of care and had seen an increase on the daily cost rate for the federal offenders the department housed in its Alaska facilities.

Co-Chair Seaton asked if it was related to the Affordable Care Act health reimbursement. Ms. Wilkerson confirmed he was correct. It was not.

Representative Thompson asked about the line item, "other State Funds," at \$34.5 million. He asked what made up the other state funds. Ms. Wilkerson explained that DOC continued to receive PFD criminal funds. There was about \$11 million in the state's budget presently. Additionally, there was a fund change to the Alaska Capital Income Fund accounting for another \$900 million. There was also interagency receipt authority between various departments, some Alaska Mental Health Trust money, and some capital improvement funds.

Ms. Wilkerson continued to slide 8: "Division of Institutions." She indicated that Line 2, represented all of the operating institutions as well as the out of state

facility contract that was in place. The largest impact on Line 2 was a decrement of \$11.619 million put forward in the 2018 budget proposal. It also encompassed the Palmer Correctional Center closure and the reallocation of positions. She reported that there were 89 positions from the Palmer closure that were reallocated: 30 to the pre-trial unit and 59 to the various other institutions based on the staffing needs of those facilities. The department also brought the Point Mackenzie Farm back and operational in order to house offenders. She also highlighted Line 7 regarding the community residential centers. The department reduced the budget by \$8.1 million in an effort to realign and renegotiate contracts.

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Representative Thompson asked about Line 4 for inmate transportation in the amount of \$2.8 million. He reported that in the Alaska State Trooper budget there was money allocated for inmate transportation. He wondered if the amount on Line 7 was in addition to the State Trooper allocation. Commissioner Williams responded that there were 2 departments that were tasked with the movement of prisoners. The Department of Public Safety was tasked with the movement of all prisoners in the state. The Department of Corrections was given authority through DPS to provide inmate transportation because of efficiencies and organizational issues.

Representative Thompson asked whether the allocation was for transporting a person from one village to Bethel for a trial, for example. Commissioner Williams responded that in most cases, the answer was yes. It was primarily movement between facilities. Troopers would typically be responsible for moving a person from a village or an arrest to a facility.

Representative Guttenberg commented that regarding the number of Alaskans served, not all Alaskans had used the facilities or programs. Commissioner Williams agreed with Representative Guttenberg. The state was housing people because it did not want them to be anywhere else.

Co-Chair Seaton interjected, "or transportation." He suggested lining up the numbers for transportation. Commissioner Williams responded that he understood and would provide the information.

Ms. Wilkerson advanced to slide 9: "Division of Health and Rehabilitation." She noted on Line 5 that the department had an increase in the budget request. It was the second-year fiscal note associated with SB 91, which would increase the state's institutional substance abuse services by \$500,000.

Commissioner Williams saw the same interpretation issue of Alaskans served. He wanted to make sure he was providing the correct interpretation of what members were looking for and what the subcommittee was looking for.

Ms. Wilkerson advanced to slide 10: "Division of Probation and Parole." She reported that the department had 13 probation offices statewide. Electronic monitoring was allocated in 6 communities and the state was looking to expand the service. There were no major budget changes within the division in the FY 18 budget.

Co-Chair Seaton asked about the number of positions. He thought she had indicated 16 previously. Ms. Wilkerson replied that there were 13 regional offices within the state that provided services. The electronic monitoring program was operating in 6 communities. She confirmed that the staff numbers were correct.

Ms. Wilkerson advanced to slide 11, which addressed the new pretrial service division that was established through SB 91. The main budget change in FY 18 was in year 2 where pretrial services were brought to full budget. There was an expectation of bringing the services into full operation including pilot offices by the coming fall. The pretrial program was expected to be fully operational in January 2018.

Representative Wilson asked for the actual number of people who were hired presently. She wondered how many of the 59 were hired and ready to go. Commissioner Williams responded that the division currently had 1 employee, the director of the pretrial unit. The department was in the recruitment process to bring on a broad range of supervisory staff. The biggest question was how to structure the unit. It was important to get that right first.

Co-Chair Seaton asked if the state was budgeting for 59 positions for FY 18. Commissioner Williams responded that

the plan was to have 59 positions by midcycle. He had not talked to his director about when the department would bring on all of the positions statewide to deal with the pretrial front-end unit population.

Co-Chair Seaton thought it would be helpful if the subcommittee had a schedule.

Representative Wilson thought it had already been mentioned that 30 people from Palmer had been moved into pretrial. Commissioner Williams reported that 30 Position Control Numbers (PCN)s had been taken due to the Palmer closure. There were not 30 positions. They were PCNs that were tied to the pretrial unit. The department was using those 30 PCNs for the first stand up of those positions. He thought it was a reinvestment. Representative Wilson thought they were real people.

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Representative Pruitt thought, in looking at the numbers, there should be a decrement in personnel services and an increase in the pretrial category. Ms. Wilkerson responded in the affirmative. She clarified that the department took just over a 3.5 percent reduction as part of the overall SB 91 reduction for the current year. The department then moved the PCNs into the pretrial unit without funding them.

Representative Pruitt asked about the pretrial services and filling the positions. He wondered what time of year the positions would be filled and whether the state was funding 59 positions for the full year. He asked if the state should expect an increase in the following year. He asked for details concerning the allocation. Ms. Wilkerson responded that the fiscal note for SB 91 for the Pretrial Division did not include funding for one-time start-up costs and training. The department intended to utilize the money from within the unit to pursue recruitment efforts and training. She confirmed that the number was the full amount for the pretrial unit currently.

Representative Pruitt asked about the hire date. Ms. Wilkerson hoped the hiring would be done within the first quarter. She could provide the committee with the phased plan. She knew the reality of trying to fill all of the positions by July 1st was a stretch. The department was making every effort to move forward. It was important for

the Pretrial Division to have everyone in place and trained before it went live statewide to ensure its success. Co-Chair Seaton had asked for the phase-in plan to be brought to the subcommittee. He thought the questions being asked went beyond clarification. Representative Pruitt interjected that it was \$10 million in clarifications.

Representative Ortiz referred to SB 91 and asked if there were any unfunded mandates imposed on the department.

Co-Chair Seaton indicated that members were getting too detailed for a broad overview.

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Ms. Wilkerson scrolled to slide 12: "Board of Parole." She pointed out that there was one change within the Board of Parole's budget - the removal of the one-time start-up cost associated with SB 91. She explained that SB 91 changed the length of time between hearings when someone violated their parole. Violators had a much shorter time before they came before a hearing.

Ms. Wilkerson advanced to slide 13: "Division of Administrative Services." She highlighted that there were a couple of changes within the division as could be seen on Line 2. Four positions were being transferred to shared services in an effort to further reduce costs. She noted a decrement of \$35,700 tied to the shared service. On Line 3 there were 2 primary changes. The data processing manager was being transferred to the centralized Information Technology unit. Also, there were 4 PCNs along with funding from the Palmer Correctional Center closure to the Information Technology unit. She spoke about a staffing study that had been completed in the prior year which showed that the department's information technology unit was about 26 percent unfunded and underutilized. The department was trying to identify more efficiencies through technology.

Representative Guttenberg referred to a letter from the Department of Law that stated that DOC held inmates for the Immigration and Naturalization Service (INS) for deportation. He referred to an item on one of the slides titled: "State Facility Rent." He wondered if the department was holding inmates for deportation for the federal government and not being compensated. Ms. Wilkerson

responded in the negative. She elaborated the department would send a bill for anyone being held within the department's facility on a federal detainer. The federal government, in turn, would pay the state a daily rate. The state participated in the State Criminal Alien Assistance program and received about \$150,000 to enhance the federal authority within the institution director's office in Anchorage.

Representative Guttenberg asked if the records included the country of origin and religion. Ms. Wilkerson would have to get back to him with an answer. She thought the department recorded the country of origin, but she was not sure about religion.

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Ms. Wilkerson advanced to slide 14: "Office of the Commissioner." She explained that within the Office of the Commissioner, the largest change from 2017 was the establishment of the Professional Conduct unit. She pointed to Line 4. The department established the unit from existing resources from reduced contracts. The department transferred the funds to the Correctional Academy as well as using other PCNs within the department. She reported the department deleted positions and established 3 new ones to ensure the success of the unit.

Commissioner Williams commented that there was a foundation of work that had to be done. The work was not optional because the state had a serious drug trafficking problem in Alaska's prison system. It was unsafe for staff and for inmates. He spoke of an incident from 5 or 6 months prior where an inmate overdosed and died. The unit was designed to help coordinate intelligence in terms of going after drug trafficking and providing some drug interdiction strategies for what was happening inside the prison system. At some later date, he would be able to present on some of the related issues. The unit would also be driving change out of his office because of some of the bad incidents that had occurred where inmates died, or staff were seriously assaulted. He wanted to ensure that the department had a professional response in terms of investigating those incidents which he hoped would drive change.

Commissioner Williams continued that in every state he had visited there was an independent arm within the

Commissioner's Office where an inspector general dealt specifically with running prisons in the high-risk environment that his staff had to tackle daily. He reemphasized that having the unit was a requirement. He added that when there was a criminal allegation against a staff member, the state wanted a professional arm to look at the incidents absent from any political influence or politics about when things happened. He felt the department had to create a deterrent. He reported that 99 percent of his staff was great. He was concerned with the other 1 percent. He suggested that DOC needed an arm that investigated cases and that could also protect staff from false allegations against inmates. He reemphasized the need for a professional body to look at it. In his mind it was a mandatory change as it was critical to have a safe environment for staff and inmates.

Co-Chair Seaton appreciated the information. He added that accountability was very important in all of the systems, but especially in DOC.

Vice-Chair Gara understood the commissioner's passion. However, there were so many programs to pay for. He suggested if the state paid for one thing, they would be paying less in another area. He had a question about the professional conduct unit. He asked what had been done previously. He thought something had been done in the past. He asked if there was a way to investigate prior to the 3 people being added. Commissioner Williams responded in the negative. He suggested that what was there was very limited. In his discussions with the Alaska State Troopers about the effort, there had been conversations about capacity a long time before. He noted that part of the problem had been that when bad things had been alleged, only happenstance investigations had occurred. The most important thing was that it affected other systems. He mentioned that Wyoming had half the prisoner population. They had about 10 to 12 staff, because it made the system change to be responsive. He understood the competing interests; however, the priority was to have a safe system for inmates and staff. He believed it forced bureaucracy to address problems and not let them get away. He like Wyoming's model. He thought it was the right thing to do.

Co-Chair Seaton relayed individual members could meet with the commissioner and bring the issue up in subcommittee. He acknowledged Representative Chenault in the audience.



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Representative Wilson thought the state was saving money on community regional jails, which were essentially halfway houses. The state was not putting a large amount of people on electronic monitoring - where the state could save money and make sure people were safe. She spoke of costs of \$65 per day. She wondered why the state was cutting those things that cost less but were more effective, as the state was adding more people to the Commissioner's Office. Commissioner Williams thought the representative had raised 3 to 4 substantive issues. The problem with the halfway houses and what he inherited was a block way of buying halfway house beds. If there were 100 beds or 200 beds in them the state was paying the same. It was possible to say that the state paid \$46, \$50, or \$60 per bed. However, the reality was that he inherited a department that was paying for empty beds. He preferred some sort of graded scale. He indicated the state had been paying for halfway house beds that were sitting empty. He changed the state's circumstances by cutting 100 beds and saved about \$3 million annually in the course of about a month on the issue.

Commissioner Williams continued that he had done nothing to change the status of electronic monitoring. It was much cheaper than having people in prison. However, currently, either that state charged the inmate for the privilege of being electronically monitored on the front end, or the state charged the participants on the back end. If a prisoner had money to pay for the \$100 per week they would pay the amount, otherwise, they would sit in jail. He talked with many inmates that did not have \$100 per week to afford electronic monitoring. He had not made any changes to the electronic monitoring program because he was looking at multiple ways of how electronic monitoring could be used. He wanted to make sure the state was using electronic monitoring in smart and intelligent ways. He was happy to discuss any of the issues that had been brought up. He appreciated all of the questions.

Co-Chair Seaton remarked that the subcommittee should be looking at the avoidance of both mental and physical problems and how to lower the state's health care costs within the institution. He was aware of some activity he was expanding. He wanted to see an expansion and the

potential cost savings. He reviewed the agenda for the following day.

#ADJOURNMENT

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The meeting was adjourned at 3:32 p.m.